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DEPARTMENT OF STATE Control: 4061

Rec'd: October 22, 1957 9:31 p.m.

REVIEWED BY J.M. Razi, May 6, 1982

FROM: Tripoli

TO: Secretary of State

NO: 265, October 22, 6 p.m.

NEA MESSAGE CENTER 1957 OCT 23 PM 3 15

SENT DEPARTMENT 265; REPEATED INFORMATION LONDON 29 BENGHAZI UNNUMBERED

FROM DAVIES

IN Ambassador's absence Benghazi and Tobruk, following comments and recommendations based on cleared draft and early morning discussion Ambassador today are submitted for Department's urgent consideration:

Reference Department telegram 319.

At October 22 meeting with Prime Minister in Benghazi, Graham and I will discuss military assistance only. If question level of aid raised, Graham plans inform Prime Minister that, following meeting of United Kingdom North African mission chiefs in Paris, he plans continue on to London for discussion Libyan relations and that he unable begin discussion aid question until his return to Libya in early November.

Unless present circumstances change radically, I continue strongly oppose joint approach at later date on economic problem. Libyan reaction joint approach almost certainly would be that this represented Anglo-American conspiracy hold Libya for West simultaneously trying get by with substantially less financial outlay.

I prefer, on Graham's return from London and following his disclosures to GOL of necessity United Kingdom financial cutback, to wait until approached by Libyans concerning level United States aid. At that point I would say that the United Kingdom had also informed us of its need to retrench and would carry on from there as per instructions Department telegram 319. Would also appreciate authorization inform Libyans that we had attempted and will continue attempt persuade United Kingdom maximize its contribution.

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(I am certain United Kingdom will strongly hint if not actually tell GOL that it tried persuade United States pick up full short fall. See cable immediately following.)

Following these separate discussions, Graham and I could then propose to Libyans that we conduct tripartite examination Libyan economic needs over period next few months. In this connection, Prime Minister has already formed committee review and draw up recommendations as to Libya's present and future needs. This done on his own initiative, but undoubtedly represents strong suspicion that United Kingdom will reduce subsidy and recognition that United States funds have been cut back by Congress. I understand these studies will be complete within next two weeks. Thus, as in early 1956, we may again find ourselves faced with Libyan "shopping list" which they will be convinced represents their minimum needs. We will be entering the arena in these tri-partite talks at disadvantage since both United Kingdom and GOL will have as objective extracting highest level aid from United States. Given possibility relatively stronger Parliamentary opposition as result weakness present government and continued pro-Egyptian and pro-Soviet sentiments urban masses, I continue convinced that period ahead is dangerous one.

However, I have been conducting campaign in recent weeks in form of long personal conversations with King Idris, former Prime Ministers Muntasir and Ben Halim, Governors of Tripolitania and Cyrenaica, President of Senate, Foreign Minister, and other leading Libyans. These talks have been marked by friendliness on both sides, but I have been blunt and realistic in presenting to Libyans dangers which lie in store for them if they waver at this juncture in their history and veer away from traditional relationships with West towards Egypto-Soviet orbit. Although I cannot prove it, I get distinct impression that these talks have made deep impression. Am glad note in recent output of Department that the Secretary standing firm on "brinkmanship" as occasionally necessary technique of diplomacy. We cannot avoid taking calculated risk at this time in our dealings with Libyans. To do otherwise would be to openly encourage them engage in blackmail. In net, problem is how hold government in Western camp in face of what is from our point of view irrational public sentiments which could carry country toward Egypto-Soviet axis. Believe I can summarize attitudes of above Libyan leaders by stating that they sincerely hope that West by continuing practicable level of economic aid will enable them justify pro-Western orientation before Parliament and people.

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Crucial moment will come when we begin discuss Libyan needs in terms British cutback. At that point, how question handled will admittedly be of prime importance but my handling will necessarily be largely determined by value placed by USG our stake in Libya and the cards I am dealt by Washington.

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